



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 04-Aug-2022 | Report No: PIDC34395



**BASIC INFORMATION**

**A. Basic Project Data**

Country Brazil	Project ID P179088	Parent Project ID (if any)	Project Name Progestão Tocantins: Public Sector Management Efficiency (P179088)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date Nov 07, 2022	Estimated Board Date Feb 07, 2023	Practice Area (Lead) Governance
Financing Instrument Investment Project Financing	Borrower(s) State Secretariat of Planning (SEPLAN)	Implementing Agency UGP	

**Proposed Development Objective(s)**

Improve efficiency in public resource management in selected departments of the State of Tocantins

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	55.00
<b>Total Financing</b>	50.00
<b>of which IBRD/IDA</b>	50.00
<b>Financing Gap</b>	5.00

**DETAILS**

**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	50.00
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Environmental and Social Risk Classification

Low

Concept Review Decision

Track I-The review did authorize the preparation to continue



Other Decision (as needed)

## B. Introduction and Context

1. **Progestão Tocantins is the fifth operation in a Series of Projects (SoP) under a Program designed to assist Brazilian States implement reforms to improve efficiency in public resource management.** The objective of the Progestão Program, as stated in the Memorandum of Understanding between the National Secretariat of Treasury (*Secretaria do Tesouro Nacional*, STN) and the World Bank (WB), is to develop the fiscal budget and asset management systems of Brazilian State governments through actions that aim at reducing and rationalizing public spending with long term results to contribute to their fiscal sustainability. The Program, available to all Brazilian States regardless of their fiscal situation, will provide technical assistance to help participating States modernize and improve efficiency in whole-of-government functions and strategic sectors through investments in management reforms and information systems. The Progestão Program Framework is presented in Annex 1. The Federal Government has requested that the Bank supports the Progestão Program through a series of investment project financing (IPF) operations. Progestão Tocantins addresses five whole-of-government functions (human resource management, pensions, procurement, public investment management, and asset management) and three strategic sectors (health, education, and social assistance). These focus areas were selected by applying the Progestão Program selectivity criteria: strategic alignment, implementation capacity, impact on beneficiaries, and alignment with the WB corporate commitments.

### Country Context

2. **Brazil entered the COVID-19 pandemic in a weak economic position.** After rapid growth and social progress between 2001 and 2010, partly due to sound macro policies and a favorable external environment, Brazil's economy fell into deep recession. While external factors triggered the slowdown, an expansionary policy response led to rapidly rising fiscal disequilibrium and, with rising domestic political uncertainty, a loss of confidence and a sharp drop in investment. Poverty increased three percentage points between 2014 and 2017, pushing 7.3 million more people into poverty. From 2017 to 2019 – the years immediately before the pandemic – growth averaged just 1.1 percent. Unemployment declined from a peak of 13.6 percent in March 2017 to 11.0 percent in 2019 but it remained above pre-crisis levels (6.8 percent in 2014). Most of the new jobs were created in the informal sector. As of 2019, 19.6 percent of the population lived on less than US\$5.50 per day (2011 purchasing power parity [PPP]), including 4.6 percent on less than US\$1.90 per day (2011 PPP).

3. **The Covid Pandemic has severely impacted Brazil with over 671.000 deaths as of June 2022.** The country's health system was under extreme stress during the first half of 2021: hospital capacity was pushed to the limit, Intensive Care Unit (ICU) bed occupancy rates exceeded 80 percent in 14 out of 27 States, with scarcities of oxygen, ICU medication supplies, and trained professionals. Since then, the government has negotiated vaccine contracts for over 662 million doses, 178 million Brazilians have received at least one dose of a COVID-19 vaccine and 167 million are fully vaccinated (77.7 percent of the population). After a contraction of 4.1 percent in 2020, the Brazilian economy rebounded with a 4.7 percent growth rate in 2021, though the latest data points to some deceleration. The labor market began to recover in early 2021. Unemployment fell from 13.5 percent in 2020 to 11.6 percent in November 2021. However, recent World Bank business pulse and COVID-19 phone surveys indicate cuts in pay or hours worked for a significant share of workers. These trends, coupled with higher inflation, contributed to a 11.4 percent decrease in average real income of workers by November 2021 (YoY).

4. **Brazil's State Governments are in a dire fiscal situation.** Brazil's States have extensive service delivery



responsibilities in health, education, security, and environment. Prior to the pandemic, 7 out of the 26 Brazilian States and the Federal District had declared a state of fiscal calamity, 17 out of 27 State governments were not eligible to borrow under Federal District rules due to limited creditworthiness related to liquidity and solvency concerns, and 20 had delayed payments to public servants and/or providers at some point. In 2019, State public investment was 52.5 percent lower than in 2015. Paradoxically, in 2020, state governments experienced improved fiscal outcomes, despite the negative effects of the health crisis, with just 12 States ineligible to borrow. This was due to the large federal transfers to address the COVID-19 pandemic (R\$97,000 million, 1.4 percent of GDP), though the federal social protection program – *Auxílio Emergencial* – that helped maintain a reasonable level of economic activity and contributed to tax revenue increases. As these temporary measures wind down in 2022 and beyond, the States’ fiscal position will deteriorate rapidly if State governments do not implement reforms to reduce expenditures.

5. **The Ministry of Economy recently launched programs to support States in fiscal distress and encourage them to implement structural reforms.** The Fiscal Recovery Regime Program (*Programa do Regime de Recuperação Fiscal*, PRRF) supports States in serious fiscal distress, providing a fiscal adjustment instrument for all participating state governments. PRRF offers debt relief for highly indebted States implementing a fiscal adjustment plan that: reduces tax exemptions by at least 20 percent; approves legislation for the privatization of State Owned Enterprises (SOEs); contains recurrent expenditure growth with an expenditure rule; harmonizes the States’ civil servants benefits in line with those of the federal government; adopts a pension reform similar to the Federal pension reform of 2019; implements a complementary pension fund; centralizes all public resources in a single treasury account managed by the Executive; and renegotiate arrears with private suppliers. The Fiscal Sustainability Program (*Plano de Equilíbrio Fiscal*, PEF) helps State Governments in fiscal distress recover their creditworthiness with the National Treasury achieving a Payment Capacity Assessment B rating (*Capacidade de Pagamento*, CAPAG<sup>1</sup>) by improving current savings and fiscal liquidity. Under PEF, the Federal Government provides guarantees for new lending against implementation of fiscal adjustment program which must include at least three fiscal measures drawn from the PRRF.

6. **The Federal Government intends to complement these fiscal measures with reforms to management systems that can deliver efficiency gains in public administration and public expenditure.** The Federal Government proposes to devolve additional responsibilities to State Governments - while the same time achieving efficiency improvements so that States can “do more with less”. In order to avoid the fragmented impact of past reforms across States, the Federal Government will implement the Progestão Program as a “national” joint federal-state effort that supports a “Brazilian State” vision and a common set of public sector management reforms. STN designed Progestão as a program to help states improve their management capacity, raise the efficiency of public expenditure, and address management challenges in a coordinated country-wide technical assistance program in line with ongoing and upcoming reforms.

#### Sectoral and Institutional Context

7. **Tocantins’ Human Development Index (HDI) was 0.73 in 2019, the 13<sup>th</sup> highest among Brazilian states, but below the country’s average of 0.76.** The State occupies 3.26 percent of Brazilian territory. It represents only 0.5 percent of the national economy. The State’s Gini Index is close to Brazilian average at 0.524, 5.1 percent of the population lives in extreme poverty and 31.5 percent of the population is considered vulnerable to poverty. Since 2018, Tocantins successfully reduced the main imbalances in its public accounts through a package of fiscal adjustment measures and administrative modernization, but not enough to improve CAPAG grade, which is still assessed as “C”. The fiscal package focused on the pension reform, a new wage increase policy and dismissal of non-permanent employees. In order to improve its fiscal position, the State has requested World Bank support to consolidate reforms and improve efficiency in whole-of-government functions and strategic sectors.

<sup>1</sup> *Tesouro Nacional Transparente, Capacidade de Pagamento (CAPAG), Estados e Municípios.* [\(Link\)](#)



## Whole-of-Government Management

8. **Human Resources.** Personnel expenditures present a serious threat to the State's fiscal sustainability. Tocantins had approximately 50,000 active staff, as of December of 2021. In the period 2011 to 2019, wages increased 5.4 percent annually in real terms. A strong fiscal adjustment was implemented in 2019, defining new rules for salary increases and dismissing approximately 8,000 temporary employees. These measures reduced personnel expenditures from 66.4 percent of net current revenue in 2019 to 56 percent in 2021. However, personnel expenditures are still above the prudential limit of the Fiscal Responsibility Law. Approximately one third of the workforce is expected to retire in the next four years. About 27 percent of the workforce is on non-permanent contracts. The State set up a Technical Commission to review departments and agencies career plans for public officials (*Plano de Cargos, Carreiras e Remuneração*, PCCR). This exercise is hindered by weak information systems. The State has operated a Human Resources Management Information System (HRMIS) since 2013, but it has only implemented the monthly payroll module and the system is not integrated with the State Financial Management Information System (SIAFE). The State's information technology (IT) infrastructure is outdated. Production of payroll reports takes over a day. The State intends to strengthen its HRMIS by implementing modules that support: progression and promotion; performance evaluation; training and e-learning; medical and disability insurance registry; aggregation of the work life cycle events of public officials in a single database (eSocial); electronic point and access control; and public official's webpage.

9. **Pensions.** Tocantins pension system does not have many beneficiaries since the State was only created in 1988. The State has 0.38 retirees or pensioners for each active employee. The inactive payroll represents 8.6 percent of total personnel expenditures. However, the number of retirees is rising sharply and is now 10 times higher than in 2011. The pension deficit amounted to 5.7 percent of net current revenue in 2019. The state implemented a pension reform in 2019, including an increase in the contribution rate of public officials from 11 to 14 percent. This helped reduce the annual pension deficit to R\$22 million (US\$4.2 million) in 2020. The average time to grant benefits exceeds 180 days, the maximum time established by internal regulations. The State uses SISPREV-WEB as the main software to manage State pensions. The State has an operating license but relies on the software company to upgrade and implement new features. Information gathered from other administrative bodies is imported monthly and mechanically, in portable document format (PDF). The State intends to strengthen the pensions system by incorporating new digital tools and controls to improve the actuarial analyzes with new hires, improving interoperability and integration with systems run by other administrative bodies in the Legislative and Judiciary branch, and applying models to support auditing of benefits.

10. **Public Procurement.** Public procurement accounts for around 16.8 percent of the State government's total expenditures, amounting to R\$1,811 million (US\$343 million) in 2021. Tocantins' procurement expenditures increased an average of 13 percent per year in the period of 2017 to 2021. In 2021, the State undertook 1,147 procurement processes, of which 13 percent were undertaken by the Secretariat of Health. Bidding was waived in approximately 39 percent of procurement processes. The State has sought to centralize procurement activities in the *Central de Licitações* (CL) at SEFAZ. State decree n° 6.084/2020 set up a common digital system (*Sistema Integrado de Gestão Administrativa*, SIGA) for managing administrative areas of all government agencies, including procurement. SIGA was implemented with additional modules for suppliers, direct purchases and catalogues of products. The regulatory framework was also updated, with streamlined bidding procedures and punishments for public bidders that commit violations. The State Court of Accounts launched a portal for Bids, Contracts and Works (SICAP) to increase transparency and controls in public spending. However, published data is unreliable and at times incomplete. Systems cannot monitor the number and price of good and services procured, much less compare the data of procurement transactions in management reports. The COVID-19 Pandemic reinforced the need to modernize the procurement procedures to incorporate tools to improve planning and execution. Improvements in procurement planning, grouping of bulk purchases, and use of electronic catalogues will increase value for money in procurement tendering and contract implementation. A spend analysis approach for selected items would help mainstream sustainable procurement, gender equality, and social balance in



local bidding processes. Improved transparency and more efficient processes will increase confidence in the State as a buyer.

11. **Public Investment Management and Budgeting.** The State of Tocantins has maintained a steady public investment rate since 2017, amounting 4 percent in 2020, a bit below than Brazilian average of 4.3 percent. The State's portfolio of projects is monitored through the State Financial Management System (SIAFE) and the Federal Intergovernmental Transfers Platform (*Plataforma Mais Brasil*, PMB). The State does not have procedures for public investment appraisal and prioritization or to assess environmental or climate change risks. Most investment projects are approved through resources transferred through parliamentary amendments from federal deputies and lack even basic project descriptions. In 2019, the State created the Executive Secretariat of Investments and Partnerships (*Secretaria de Parcerias e Investimentos*, SPI) in the Governor's office to coordinate the State's investment program. A portfolio of projects has been created. However, project screening, appraisal and monitoring systems are rudimentary. SPI uses a project management tool adapted from logistic enterprises. This requires customization to provide the necessary functions and reports to operate properly, with no features for project preparation or integration with SIAFE and PMB. The State intends to put in place rigorous, evidence-based practices for public investment management across the entire project cycle, developing a PIM information system that can strengthen controls, help monitor performance, end enhance the quality of investments for all sources of funds.

12. **Intergovernmental Transfers.** The State of Tocantins has tools and reporting mechanisms for the management of the main intergovernmental transfers that are more advanced than other state governments in Brazil. In February of 2020, the State implemented *Conv@to*, a system that manages three types of transfers from the State to other entities: traditional transfer agreements (*convênios*), parliamentary amendments, and partnerships with non-governmental organizations (NGOs). The Secretariat of Planning (SEPLAN) is responsible for management of the system, which serves the 139 municipalities and non-profit civil society organizations, allocating funds, monitoring the execution and reporting of formalized partnerships. The State intends to upgrade the information system by developing a further three modules to provide a complete overview of the intergovernmental transfers cycle, including special transfers, funded transfers and decentralized execution deadlines, and integrating *Conv@to* with State financial and procurement systems.

13. **Asset Management.** The State of Tocantins will use the *Sistema Integrado de Gestão Administrativa* (SIGA) to manage the lifecycle of assets. SIGA will be fully operational by end of November 2022. Movable assets are registered into the system after the acquisition process is finished. The state has registered approximately 775,000 movable assets. Further work is needed to systematize information on movable and real estate assets from a managerial perspective through the development of reports and dashboards to inform decision-making. Only 10 percent of Tocantins' real estate properties are regularized. From 2017 to 2020 the State spent R\$2 million (US\$339,000) on property acquisitions and received R\$8.3 million (US\$1.6 million) from property sales. Revenue from renting of real estate assets is less than R\$200,000 (US\$38,000) annually and expenditures on rents are unknown. The State intends to map, register and regularize real estate assets, undertake a review of its holds to maximize net fixed property income and properly allocate its public service buildings, and develop systems for vehicle fleet management.

### Management in Strategic Sectors

14. **Health.** Tocantins has seen a considerable improvement in health outcomes over the last thirty years, largely driven by the expansion of universal health care system. Mortality rates for children under-five years fell from 44.9/1,000 live births in 1990 to 14 in 2020. Life expectancy increased from 66.6 to 74.2 in the same period. Tocantins's ageing population (demographic transition) is accompanied by rapid increase in chronic-degenerative diseases (epidemiological transition), such as the incidence of ischemic heart disease, lower respiratory infections, diabetes, and Alzheimer's disease. A high proportion of hospital admissions are associated with non-communicable diseases that are particularly demanding in terms of services and the costs of health procedures. State expenditures on health services peaked during the Covid-19, reaching R\$1,511 million (US\$291 million), 14 percent of the State expenditures in 2021. 93 percent of the





population depends on the public health system. All of public high-complexity health care facilities (referral hospitals) are managed by the State government. These facilities absorb a significant and growing share of the State health budget. Hospitals do not have information systems to support systematic control of the supply chain, costs, compliance, and workforce allocation. With Covid-19, the State developed an online dashboard that includes information on daily attendance and admission rates per unit. However, paper-based records and excel sheets are used for most management functions. The Secretariat of Health (SES) intends to implement a hospital management system in all of the high complexity facilities to improve planning, budgeting, health services management, and support evidence-based decision making. The system is expected to deliver efficiency improvements by, for example, making better use of available hospital capacity and strengthening adherence to clinical guidelines, whilst simultaneously improving transparency and accountability.

15. **Education.** The Secretariat of Education (Secretaria de Estado da Educação, SEDUC) runs 492 schools delivering education services to 151,175 students from primary to upper secondary education, including adult education and inclusive education. Primary and lower secondary education (1st to 9th grades) accounts for 55 percent (83,320 students) of enrollment. 30 percent of the schools are in rural areas. Tocantins receives fiscal transfers from the Federal Government to implement a diverse set of education programs, such as the National School Meal Program (Programa Nacional de Alimentação Escolar, PNAE) and the National Program of Support to School Transportation (Programa Nacional de Apoio ao Transporte Escolar, PNATE). SEDUC often transfers additional resources to state schools and municipalities to decentralize the provision of programs. The logistics of delivering quality school meal and transportation services are complex. SEDUC uses simple information systems for the administration of bus routes and school meals. Bus routes and schedules are inefficient. Poor procurement and transport of groceries leads to delivery delays, food wastage, and high costs. SEDUC intends to implement a management system for school meals and transportation to improve planning, budgeting, procurement management, and support evidence-based decision-making. The system will improve transparency and accountability by requiring registration of users and vendors, using geospatial information for decision making, strengthening compliance with guidelines and regulations and improving reporting. Further work is needed to integrate management information systems with other decentralized programs for recourses transferred to state network schools.

16. **Social Assistance.** The State co-finances the Social Assistance System (*Sistema Único de Assistência Social, SUAS*) with municipalities and provides technical support to ensure adequate coverage and quality of services. Municipalities' Social Assistance Reference Center (*Centro de Referência de Assistência Social, CRAS*) offer services, programs and benefits to mitigate social risks, including family protection and assistance and services for people with disabilities and the elderly. The ID-CRAS (*Indicador de Desenvolvimento dos Centros de Referência de Assistência Social, CRAS Development Index*) measures financial execution and integration across municipalities' social services and benefits. In 2019, Tocantins's ID-CRAS rating, ranked at 3.73.. Despite the growth, 3 of each 10 CRAS cannot provide essential services from the Attention Social Policy (*Política de Atenção Integral à Família, PAIF*), consisting in the registries of visits and orientation to families or individuals, and their participation in basic health and education services. Reporting of the execution of funds is manual and fragmented. The State lacks robust systems for monitoring the quality of SUAS services, transfers to and management of resources by municipalities and NGOs. Weak service management leads to overlaps and gaps in service provision. The State intends to strengthen resource allocation and productivity by modernizing the financial management and benefits management systems, strengthening monitoring capacity, and improving data use for decision-making.

17. **Whole-of-government systems and reforms will support health, education, social assistance, and other sectoral services.** Human resources management, pension planning and management, public procurement, PIM, and asset management improvements will impact all services and produce synergies and strengthen management across all



sectors.

#### Relationship to CPF

18. **The proposed project is aligned with the Brazil FY18-23 Country Partnership Framework (CPF).** *Progestão* supports the CPF's Focus Area 1 Fiscal consolidation and government effectiveness and Focus Area 2 Private sector investment and productivity growth by improving whole-of-government functions and service delivery, strengthen fiscal management, and setting up institutional arrangements. Reforms are expected to have impacts in the medium to long-term on public service delivery by providing an environment for more efficient use of public resources.

### C. Proposed Development Objective(s)

19. Improve efficiency in public resource management in selected departments of the State of Tocantins.

#### Key Results (From PCN)

20. The following outcome indicators are proposed to measure PDO achievement:

- Public workforce replacement rate in non-frontline service delivery staff
- Time between opening and finalizing the procurement process
- Public investment project cost overruns
- Net fixed property income

### D. Concept Description

21. **The proposed IPF operation supports investments in management information systems and reforms for whole-of-government functions and in strategic sectors in the State of Tocantins.** The project scope and structure are aligned with the Progestão Program (see Annex 1). The State requested assistance in all of the Program components., except debt management because the PROFISCO II project (financed by the Inter-American Development Bank) is already supporting SEFAZ in this area and state-owned enterprises because major privatizations have already taken place not very precise, how many SOES and how many privatized?. Specific interventions in sectors were defined after consultation with government officials and based on their impact on improvements in efficiency and fiscal management, and their implementation readiness. The project will support management systems in health, education, and social assistance. The project will have three components.

#### Component 1. Whole-of-Government Management Systems (US\$31.7 million)

22. **Sub-Component 1.1: Human Resource Management (US\$8.8 million). Implementing Agency: SECAD.** Activities include: (i) design and implementation of workforce right-sizing platform integrated with the human resources management system to identify core competencies of public officials and organizations' adequate hiring needs; (ii) implementation of a personnel management platform, including dynamic distribution of the workforce, replacement alarms, and automated official documentation of reallocation; (iii) development and implementation of a management analytics and artificial intelligence system for automated payroll audit to reduce errors and fraud; (iv) design and implementation of new functionalities to the State's HRMIS; (v) automation of human resources management services and creation of a portal of services for the public tenants; (vi) periodic staff surveys to assess reform implementation and support change management; (vii) communications and capacity building to support the rollout and implementation of





new tools; and (viii) procurement of energy efficient hardware to support the rollout and implementation of new tools.

23. **Sub-Component 1.2: Pensions (US\$2.2 million). Implementing Agency: IGEPREV.** Activities include: (i) design and implementation of a pension management information system to implement the new benefit scheme and capacity-building to improve management of pension benefits; (ii) development and implementation of a management analytics and artificial intelligence system for automated inactive payroll audit; (iii) procurement of energy efficient hardware to support the deployment of these systems; and (iv) communications and capacity building to support the rollout and implementation of new tools.

24. **Sub-Component 1.3: Public Procurement (US\$9 million). Implementing Agency: SEFAZ.** Activities include: (i) development of a sustainable procurement strategy, which addresses environmental, climate and gender equality considerations, and an implementation plan to help embed sustainable procurement across the State's purchases; (ii) development and implementation of an integrated system for sustainable e-procurement, including the redesign and automation of key processes, and reviewing the regulatory framework and institutional arrangements to increase transparency, green and climate smart procurement; (iii) design and implementation of integrated dashboards with reliable data aligned to sustainability and gender equity practices; (iv) application of artificial intelligence using electronic invoices to identify and reduce fraud and corrupt practices; (v) design and implementation strategic sourcing methodology to help identify demand for goods and services across the government; (vi) capacity building program for officials working in procurement across the state; and (vii) procurement of energy efficient hardware to support the deployment of these systems.

25. **Sub-Component 1.4: Public Investment Management and Budgeting (US\$8 million) Implementing Agencies SEPLAN and SEFAZ.** Activities include: (i) development and implementation of a public project management system for State's investments, integrating project preparation, screening and appraisal; (ii) preparation of a portfolio of technically appraised, implementation ready projects; (iii) design and implementation of a governance strategy to manage the project portfolio execution; (iv) design and implementation of sustainable budgeting systems and practices; (v) development and implementation of a management system for the transfer of resources from the State of Tocantins to municipalities and non-governmental organizations, allowing for digital monitoring of project preparation, implementation and accounting; (vi) capacity building for State officials on sustainable public investment and expenditure management practices, to support the rollout and implementation of new tools; and (vii) periodic staff surveys to assess reform implementation and support change management.

26. **Sub-Component 1.5: Asset Management (US\$12.5 million). Implementing Agency: SECAD.** Activities include: (i) technical support to assess up-to-date information of real estate properties, including geospatial data, area, occupation rate, valuations and registry's status; (ii) development and implementation of modules in the public asset management system that includes a climate risk assessment of real estate assets, information for decision making and fleet management; (iii) energy audits based on climate, community and biodiversity methodology (CCB) for selected government properties, focused on reducing energy consumption; (iv) development and implementation of a system for mapping costs of information and communication technologies (ICTs), including identification of synergies between government-to-government systems, interoperability, and a governance strategy for new acquisitions and maintenance; (v) capacity building on asset management practices and support the rollout and implementation of new tools; (vi) procurement of energy-efficient hardware to support the rollout and implementation of the above mentioned activities; and (vii) improvements in server storage to guarantee enough space for information technology tools and systems implemented under this project.

## **Component 2. Management Systems in Strategic Sectors (US\$12.3 million)**

27. **Sub-Component 2.1: Health (US\$6 million). Implementing Agency: SES.** Activities include: (i) an expenditure review to identify cost structure and assess budgeting practices in the state's public health units; (ii) implementation of information system to support budgeting and expenditure management in the state's health units; (iii) introduction of



communication and capacity-building activities to support the rollout and implementation of new tools; and (iv) procurement of energy efficient hardware to support the rollout and implementation of new tools.

28. **Sub-Component 2.2: Education (US\$4.5 million). Implementing Agency: SEDUC.** Activities include: (i) development and implementation of information systems to improve management of resources transferred from the federal government and to municipalities and schools, documents management, and other transactional tools for the Secretariat; (ii) design and implementation of a student transport management information system; (iii) design and implementation of a school meal management information system; and (iv) communications and capacity building to support the rollout and implementation of new tools.

29. **Sub-Component 2.3: Social Assistance (US\$1.8 million). Implementing Agency: SETAS.** Activities include: (i) design and implementation of an integrated management system to facilitate the execution of social assistance programs, including financial management, cash transfer programs and management of other benefits, as well as internal registries; (ii) development and implementation of a transparency portal to support decision-making in social assistance; (iii) automation of social protection processes, providing faster access to services and reducing operational costs; (iv) communication and capacity-building to support the rollout and implementation of new tools; and (v) procurement of energy-efficient hardware to support the rollout and implementation of the above-mentioned activities.

**Component 3. Project and Change Management (US\$2.2 million)**

30. **Sub-Component 3.1: Project Management Unit (US\$1.5 million) Implementing Agency: SEPLAN.** Activities include: (i) project management, including procurement, financial management, and environmental and social safeguards (staff, equipment, and operating costs); (ii) development and implementation of a grievance redress mechanism and management information system, in coordination with the Comptroller General (CGE) the institution mandated with this function; and (iii) communications and capacity building to support project management functions.

31. **Sub-Component 3.2: Change Management (US\$0.7 million). Implementing Agency: SEPLAN.** Activities include: (i) development a transversal change management strategy encompassing on incentives, processes and skills; (ii) consulting services, studies, and surveys to support project implementation; (iii) carrying out process reviews before information systems are developed; (iv) just-in-time support, as needed and as agreed with the Bank, including advisory services to the *Procuradoria* and technical teams during implementation, and knowledge exchange activities; and (v) communications and capacity building to support the rollout and implementation of new tools.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The initial environmental and social risk ratings are low. The initial environmental and social assessment indicates that this technical assistance operation will not render large-scale, significant and irreversible adverse direct impacts and/or downstream implications on society and the environment. No future construction of physical infrastructure investments, spatial plans and natural resources management regulations are expected as results of technical assistance activities supported by the project. Considering the type of technical assistance activities to be supported and expected outputs no climate change risk and negative impacts are envisaged either. Project activities do not require land acquisition and do not lead to restrictions on land use or involuntary resettlement. They are not expected to have adverse impacts on Indigenous Peoples and other vulnerable and disadvantaged social groups either. On the contrary, increased efficiency of



public services in the different sectors is expected to mostly benefit vulnerable and disadvantaged social groups who heavily rely on the public education and health system and in the state social protection networks. Risks associated with labor terms and working conditions of project workers as well as SEA/SH risks have also been assessed as low.

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## APPROVAL

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